

## Pratt County

### Estimated Economic Impact of Agriculture, Food, and Food Processing Sectors

5/24/2016

Using the most recent IMPLAN data available (2014) adjusted for 2016, 17 agriculture, food, and food processing sectors were analyzed to determine their overall contribution to the Pratt County economy.<sup>1</sup>

These 17 sectors have a total direct output of approximately **\$273.9 million** and support **722.3 jobs** in Pratt County. Running the model for all 17 sectors simultaneously produces the following results:

Agriculture, Food, and Food Processing Sector Contribution to Overall Pratt County Economy						
Impact Type <sup>2</sup>	Employment	% Employment	Total Value Added <sup>3</sup>	Total Value Added % of Gross Regional Product <sup>4</sup>	Output <sup>5</sup>	Output % of Gross Regional Product
Direct Effect	722.3	10.15%	\$99,637,403.82	19.70%	\$273,948,461.80	54.18%
Indirect Effect	328.4	4.61%	\$24,569,420.32	4.86%	\$43,338,055.63	8.57%
Induced Effect	232.2	3.26%	\$15,889,175.70	3.14%	\$28,184,289.73	5.57%
<b>Total Effect</b>	<b>1,282.9</b>	<b>18.03%</b>	<b>\$140,095,999.84</b>	<b>27.71%</b>	<b>\$345,470,807.16</b>	<b>68.32%</b>

As shown in the above table, agriculture, food, and food processing sectors support **1,282.9 jobs**, or **18.03%** of the entire workforce in the county. These sectors provide a total economic contribution of approximately **\$345.5 million, roughly 68.32% of the economy.**

Another metric used to calculate the importance of sectors in an economy is their value added as a percentage of GRP. Total value added by the 17 agriculture, food, and food processing sectors is approximately **\$140.1 million**, or **27.71% of the GRP**. This indicates that personal income, business income, and taxes generated by these sectors account for **27.71% of the total economy.**

The following tables document the overall summary numbers of the model, top industries affected by employment and output, and a listing of all industries that were analyzed.

1 Article on building a contribution analysis in IMPLAN that avoids double counting:

[http://www.implan.com/index.php?option=com\\_content&view=article&id=660%3A660&catid=253%3AKB33&Itemid=70](http://www.implan.com/index.php?option=com_content&view=article&id=660%3A660&catid=253%3AKB33&Itemid=70)

2 Direct, indirect, and induced effects sum together to estimate the total economic contribution in the state. **Direct effects** capture the contribution from agricultural and food products. **Indirect effects** capture the economic benefit from farms and agricultural businesses purchasing inputs from supporting industries within the state. **Induced effects** capture the benefits created when employees of farms, agricultural businesses, and the supporting industries spend their wages on goods and services within the state.

3 Value added = labor income + indirect business taxes + other property type income.

4 GRP = final demand of households + governments expenditures + capital + exports - imports - institutional sales.

5 Output = intermediate inputs + value added.

In the top ten agriculture, food, and food processing sectors by employment, the beef cattle ranching and farming, including feedlots and dual-purpose ranching and farming sector is the top employer with **394.6 employees**. This table also shows the amount of jobs that are created by the agriculture industry in Pratt County.

Top Ten Sectors by Employment		
Sector	Total Employment	Total Output
Beef cattle ranching and farming, including feedlots and dual-purpose ranching and farming	394.6	\$105,355,514.30
Support activities for agriculture and forestry	105.9	\$5,282,796.42
Grain farming	88.5	\$76,206,362.51
Landscape and horticultural services	78.5	\$2,868,011.89
Wholesale trade	64.8	\$14,822,471.27
Farm machinery and equipment manufacturing	47.2	\$28,325,312.46
Real estate	39.8	\$5,003,528.94
Animal production, except cattle and poultry and eggs	29.5	\$7,403,912.05
Truck transportation	29.0	\$4,570,233.39
Veterinary services	23.8	\$2,035,596.72

The beef cattle ranching and farming, including feedlots and dual-purpose ranching and farming sector directly contributes approximately **\$105.4 million** to the Pratt County economy. The table below also shows the amount of revenue that is generated in other industries by having a strong agriculture industry.

Top Ten Sectors by Output		
Sector	Total Employment	Total Output
Beef cattle ranching and farming, including feedlots and dual-purpose ranching and farming	394.6	\$105,355,514.30
Grain farming	88.5	\$76,206,362.51
Farm machinery and equipment manufacturing	47.2	\$28,325,312.46
Other animal food manufacturing	18.1	\$26,261,642.37
Oilseed farming	5.7	\$15,612,119.26
Wholesale trade	64.8	\$14,822,471.27
Animal production, except cattle and poultry and eggs	29.5	\$7,403,912.05
Owner-occupied dwellings	0.0	\$5,376,603.13
Support activities for agriculture and forestry	105.9	\$5,282,796.42
Real estate	39.8	\$5,003,528.94

Below is a summary of all agriculture data with employment levels and output level. These values can tell how many jobs are represented by each agriculture, food, and food processing sector and the output they contributed to the Pratt County economy.

<b>All Agriculture, Food, and Food Processing Sectors</b>		
<b>Sector</b>	<b>Total Employment</b>	<b>Total Output</b>
Oilseed farming	5.7	\$15,612,119.26
Grain farming	88.5	\$76,206,362.51
Vegetable and melon farming	0.4	\$167,392.81
Fruit farming	0.3	\$66,281.84
Tree nut farming	0.0	\$157.17
Cotton farming	8.5	\$4,087,968.49
All other crop farming	14.1	\$2,568,608.37
Beef cattle ranching and farming, including feedlots and dual-purpose ranching and farming	394.6	\$105,355,514.30
Poultry and egg production	1.1	\$1,765,940.30
Animal production, except cattle and poultry and eggs	29.5	\$7,403,912.05
Commercial logging	2.7	\$137,691.17
Other animal food manufacturing	18.1	\$26,261,642.37
Bread and bakery product, except frozen, manufacturing	8.6	\$1,005,865.18
Frozen cakes and other pastries manufacturing	0.5	\$80,084.88
Farm machinery and equipment manufacturing	47.2	\$28,325,312.46
Veterinary services	23.8	\$2,035,596.72
Landscape and horticultural services	78.5	\$2,868,011.89

All 105 counties in Kansas have an IMPLAN model and an agriculture, food, and food processing contribution summary. These values do not factor in the retail environment of food sales. Food retail is important, but in order to provide the most accurate picture of what production agricultural and processing contributes to Pratt County, the retail sector was omitted.

## **\*\*Calculations Including Ethanol Production\*\***

### **Estimated Impact of Agriculture, Food, Food Processing and Ethanol Production on Pratt County Economy**

In 2014, Pratt County produced **55 million gallons** of ethanol worth an estimated **\$128.7 million** dollars. The impact on page one includes by-products from ethanol plants such as distiller's dried grain with solubles (DDGS), but do not account for the economic activity generated by ethanol fuel production. Namely, this is because ethanol fuel production is included in sector 165, other basic organic chemical manufacturing, which encompasses more than ethanol production and was not modeled in the original scenario. Therefore, utilizing the full sector value would inflate the results. If we were to include sector 165 in the analysis with a direct value of \$93.6 million, the total contribution to agriculture increases to **\$499.6 million**, represents **21.08% of the jobs**, and increases total value added to **\$163.6 million** in Pratt County.

<b>Agriculture, Food, Food Processing and Ethanol Sector Contribution to Overall Pratt County Economy</b>						
<b>Impact Type<sup>2</sup></b>	<b>Employment</b>	<b>% Employment</b>	<b>Total Value Added<sup>3</sup></b>	<b>Total Value Added % of Gross Regional Product<sup>4</sup></b>	<b>Output<sup>5</sup></b>	<b>Output % of Gross Regional Product</b>
<b>Direct Effect</b>	780.5	10.97%	\$109,606,858.16	21.68%	\$402,648,462.86	79.63%
<b>Indirect Effect</b>	445.4	6.26%	\$35,202,507.25	6.96%	\$63,582,966.67	12.57%
<b>Induced Effect</b>	274.5	3.86%	\$18,785,595.44	3.72%	\$33,325,931.61	6.59%
<b>Total Effect</b>	1,500.3	21.08%	\$163,594,960.85	32.35%	\$499,557,361.14	98.79%

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10 Direct, indirect, and induced effects sum together to estimate the total economic contribution in the state. **Direct effects** capture the contribution from agricultural and food products. **Indirect effects** capture the economic benefit from farms and agricultural businesses purchasing inputs from supporting industries within the state. **Induced effects** capture the benefits created when employees of farms, agricultural businesses, and the supporting industries spend their wages on goods and services within the state.

11 Value added = labor income + indirect business taxes + other property type income.

12 GRP = final demand of households + governments expenditures + capital + exports - imports - institutional sales.

13 Output = intermediate inputs + value added.